

The Changing Market for University Press Books in the United States: 1997–2002

ALBERT N. GRECO, ROBERT M. WHARTON, and
HOOMAN ESTELAMI

What was the market for university press books in the United States between 1997 and 2002? What impact did shifts in the general reader market and the creation of library electronic reserve capabilities have on university press net publishers' revenues? What impact did Internet bookselling sites have on new and used frontlist titles? The study reported here reviewed the published literature and statistical data sets. We detected (a) a significant shift in the traditional channels of distribution and (b) the emergence of a sophisticated used book market that undermined both frontlist and backlist sales. Based on a review of the empirical data, we present a series of recommendations for the university press community designed to capitalize on the inherent competitive advantages of university presses.

Introduction

Since the early 1970s, there have been myriad articles, reports, and presentations at scholarly and professional conferences about 'the crisis in scholarly communications.'¹ Many individuals chastised university presses. They insisted that the 'obvious' reduction in scholarly output by these presses placed the entire academic community at risk, since new faculty members could not get their monographs published, which adversely affected their ability to get hired, tenured, or promoted. Other observers blamed the 'serials crisis,' alleging that steep increases in journal subscription prices – especially in the scientific, technical, and medical (STM) fields – sapped library budgets, triggering a precipitous decline in the purchase of university press books. Still others accused university administrators of failing to pro-

vide the research support, travel budgets, and reduced teaching loads critically necessary to support first-rate research.

While all of these opinions and concerns have merit, very few individuals have studied the actual market for university press books in the United States. In this article we will (a) evaluate the published literature; (b) review a variety of data sets covering the years 1997 through 2002 published by the Book Industry Study Group, Inc. (BISG), in their annual series *Book Industry Trends*, as well as data from the US Department of Commerce to analyse the actual market for university press books (all totals are in US dollars); and (c) address the following questions:

- 1 Was there, during this period, a substantive shift in the market for university press books?
- 2 Were there changes in the general reader market (i.e., the trade book market for educated readers) during those years?
- 3 Did Internet bookselling sites cut into frontlist sales?
- 4 Did the creation of library electronic reserve (E-RES) systems affect university presses?
- 5 What steps can be taken to strengthen the role of university presses in the academic community?

Review of the Literature

Most of the recent marketing and econometric research has centred on 'value chains,' supply and demand, pricing, competition, and distribution issues.

'Value chains' (i.e., the collection of various activities in a firm that permits it to compete within an industry) have received a significant amount of attention by scholars. Michael Porter maintains that 'companies' strategies for competing in an industry can differ in a variety of ways.' These include specialization; brand identification; channel selection; product quality; cost position; price policy; and cost position.² David Walters and Mark Rainbird stress the 'micro approach,' specifically the need to reduce expenditures in the management of 'value chains.'³

Abdullah Al-Mudimigh, Mohamed Zairir, and Abdel Moneim Ahmed analysed the merits and limitation of the supply-side management of value chains, developing a model emphasizing corporate

agility and speed in creating effective competitive advantages.⁴ John Humphrey and Hubert Schmitz, as well as Claus Steinle and Holger Schiele, have investigated the potential impact of ‘corporate clustering’ as a competitive strategy.⁵

Other researchers, including Jeffrey Dubin, have used empirical research techniques to study the shifting nature of supply and demand.⁶ Jacek Cukrowski and Ernest Aksen investigated the relationship between perfect competition and trade issues.⁷ Kostas Axaroglou studied the impact of cyclicalities and new product introduction.⁸

Market demand issues have been evaluated by a number of researchers. Corrado Benassi, Alessandra Chirco, and Marcella Scrimatore analysed the theoretical relationships between income concentration levels and market demand.⁹ Benassi and Chirco also evaluated the impact of personal income and market demand.¹⁰ Auke Leen provides a historical overview of key market demand development.¹¹ Rod Combs investigated the relationship between emerging technologies and market demand.¹²

A number of university press directors have offered their opinions about the changing state of scholarly publishing. Jack Goellner studied the financial issues plaguing libraries and the concomitant impact on the entire scholarly publishing community: ‘For book publishers, not only did the library pie get smaller, but the slice for books got narrower.’¹³ Marsh Jeanneret describes the business model he inherited at the University of Toronto Press, which was based essentially on using profits from its general publishing and printing programs, as well as research grants (i.e., subventions), to support the publication of important scholarly books. ‘Perhaps I should have perceived the unsoundness of this formula from the outset, but I did not. Its principal weakness was that it failed to link future levels of scholarly publishing to the possible needs of research writing in the future.’¹⁴ August Fruge directed the University of California Press during a period of impressive growth, yet he had to confront economic and marketing issues. He writes candidly, ‘We concentrated on Farquhar’s small book program and tried to make it into a first-rate scholarly press.’¹⁵

Communications scholars have also contributed to the published literature. Walter Powell describes the intricate and pivotal relationship between financial and marketing considerations at university presses: ‘However much authors may regret it, the fact is that publishing is not an eleemosynary institution.’¹⁶

Robin Peek and Gregory Newby investigated the impact of technology on scholarly communications, pondering how publishing could change because of the electronic dissemination of content.¹⁷ Jason Epstein also stresses the inevitable impact of technology, especially print-on-demand, on publishing.¹⁸ Thomas Ehrmann, Floria Haas, and Rainer Harms analysed the importance of e-commerce in the online book market, which, they argue, 'assumes a vital role in the strategic management of most enterprises' – issues also addressed by Alexis Weedon.¹⁹

Albert Greco evaluated marketing practices and procedures, offering an overview for researchers of trade and university press books.²⁰

A number of academics have studied the shifting terrain of the book as a 'cultural' or 'commercial' endeavour, issues that permeate numerous discussions in the university press community. Jacques Barzun's study on reading books, and the various obstacles facing readers, provides a historical overview of the 'multiple satisfactions that come from getting to know the contents of another mind through the channel of a printed work.'²¹ Michael Robinson and Ray Olszewski's work on books in the marketplace of ideas and 'mechanisms that can promote entry while not disrupting efficient market operations' builds on earlier econometric and book publishing theories, notably their nuanced theories regarding whether the publishing 'industry's structure unduly restricts new authors' ability to publish.²² Powell addresses the thorny issue of competition in the book trade, which he agreed has a 'current urgency.' But he argues that 'many of today's complaints are not new,' deflating the positions of Ben Bagdikian and others.²³ Ann Haugland analysed theories 'about books as culture and books as mass market commodities,' deciding that scholars and industry experts 'cannot ignore the importance of the commercial concerns of the industry.'²⁴ Joseph Moran maintains that electronic commerce has the potential to create a shift in 'power' and 'influence' away from the conglomerates toward smaller publishers eager to locate serious readers; 'the growth of interactive multimedia may also encourage publishers to develop forms of promotion that locate different types of readership more exactly.'²⁵

Laura Miller investigated the modern bookseller who, 'aided by the latest technology, provides independent-minded readers with an extensive choice of reading material,' an issue of concern to university press authors and publishers.²⁶ Nina Ziv, who analysed the organiza-

tional structure of the book industry, insists that modern technologies and bookselling outlets ‘will ultimately enable the industry to regenerate its businesses, reach a new generation of readers, and create an environment that is more conducive to innovation.’²⁷

The best study of the book publishing industry, and of the debate between the ‘cultural’ and ‘commercial’ missions of book publishing, remains Lewis Coser, Charles Kadushin, and Walter Powell’s classic *Books: The Culture and Commerce of Publishing*.²⁸ While the book is based on an analysis of substantive sociological and economic issues in the late 1970s and early 1980s, the authors frame the issues that have broadened our understanding of the various missions of book publishers.

The Market for University Press Books: Net Publishers’ Revenues

Some Historical Background

An analysis of BISG’s university press net publishers’ revenue data for 1985–96 makes it apparent that between 1985 and 1996, total revenues hovered near the \$3.6 billion mark; the entire US book industry topped \$185.9 billion during those same years.

In 1985, university presses generated \$182.5 million in net publishers’ revenues, accounting for a 1.78-per-cent share of the US book market. Double-digit results were generated in four of the next five years. The pace of the late 1980s flattened in the 1990s, paralleling trends in the broader US book marketplace. Yet the results for 1990 (+2 per cent), 1991 (+2.02 per cent), and 1992 (+2.08 per cent) were still striking. After a dip in 1993, the presses experienced a period of uneven growth patterns: flat in 1993, up in 1994 and 1995, and down somewhat in 1996.

Overall, university press net publishers’ revenues were up 113.7 per cent between 1985 and 1997, outpacing the performance of the entire book industry (+100.08 per cent). Table 1 outlines these trends.

Revenues in 1997–2002

Between 1997 and 1999, press revenues totalled \$1.28 billion. In 2000, however, the upward trend evident since 1985 flattened out, with no increase in revenues. Negative numbers were tallied in 2001 (–1.56 per

Table 1: Total university press net publishers' revenues, 1985–96

Year	University press revenues (\$ million)	Per cent change	US book industry revenues (\$ million)	Per cent change	University press market share of US book industry
1985	182.5	–	10,280.9	–	1.78
1986	204.0	11.78	10,860.3	5.64	1.88
1987	219.2	7.45	11,897.1	9.55	1.84
1988	245.0	11.77	13,008.3	9.34	1.88
1989	275.6	12.49	14,501.3	11.48	1.90
1990	305.7	10.92	15,278.7	5.36	2.00
1991	325.0	6.31	16,062.8	5.13	2.02
1992	350.0	7.69	16,850.6	4.90	2.08
1993	350.0	0.00	17,949.5	6.52	1.95
1994	370.0	5.71	18,767.8	4.56	1.97
1995	385.0	4.05	19,827.1	5.64	1.94
1996	390.0	1.30	20,570.3	3.75	1.90
1985–95	3602.0	113.70	185,854.7	100.08	1.94

Source: Book Industry Study Group, *Book Industry Trends*, various years. All numbers have been rounded and may not add up to 100 per cent.

cent), and the data for 2002 were up only 0.23 per cent. Overall, the presses experienced a 1.33-per-cent decline between 2000 and 2002 (during this same period, the US book industry posted a 6.07-per-cent growth rate). In addition, the university press share of the total book market declined to 1.7 per cent by 2002. Overall, the university press total of \$2.62 billion accounted for 1.84 per cent of all US book revenues (\$142.3 billion) during those six years. Table 2 outlines these trends.

We have included some macroeconomic datasets in the Appendices for readers interested in comparing changes in the US economy between 1985 and 2002. Appendix 1 lists data on the Consumer Price Index (CPI) for 1985 through 2002, with annual percentage changes and the value of the US dollar in constant 2002 dollars. Appendix 2 lists actual university press net publishers' revenues (for 1985 through 2002) as well as net publishers' revenues in constant 2002 dollars. Appendix 3 lists gross domestic product (GDP) data in actual dollars and constant 2002 dollars for 1985 through 2002.

Channels of Distribution

University press books are sold through a variety of channels: (1) the export market; (2) general retailers (e.g., chain and independent book-

Table 2: Total university press net publishers' revenues, 1997–2002

Year	University press revenues (\$ million)	Per cent change	US book industry revenues (\$ million)	Per cent change	University press market share of US book industry
1997	400.0	2.56	20,972.7	1.96	1.91
1998	430.0	7.50	22,340.6	6.52	1.92
1999	450.0	4.65	23,758.6	6.35	1.89
2000	450.0	0.00	24,577.2	3.45	1.83
2001	443.0	-1.56	24,564.0	-0.05	1.80
2002	444.0	0.23	26,068.2	6.12	1.70
1997–2002	2617.0	11.00	142,281.3	24.30	1.84

Source: Book Industry Study Group, *Book Industry Trends*, various years.

stores); (3) university and college bookstores (i.e., course adoptions); (4) libraries and institutions; (5) high school adoptions; (6) direct to consumers (via e-mail, fax, catalogues, Web sites, toll-free numbers, direct mailings, etc.); and (7) 'other' sales (i.e., any sale that cannot be categorized into one of the channels listed above).

University press books, both hardbound and paperback, are adopted for classroom use by college and university instructors. In the college bookstore world, a 'college adoption' refers to any book required for student use in a junior or community college, a four-year college or university, or a graduate or professional school. So any university press book, whether it is a traditional 800-page economics textbook or a biography of Emily Dickinson, that is required for a course is viewed as a 'textbook' by college bookstore personnel.

This fact posed a methodological problem for our study, since there was no way to ascertain whether a specific book sold in the college bookstore channel was a 'textbook.' Our review of various datasets, as well as discussions and visits with publishers and industry experts, indicated that very few university presses publish traditional 'textbooks.' Yankee Book Peddler (YBP), a major distributor of university press books to libraries, estimates that no more than 8 per cent of all university press titles are traditional textbooks. So we assumed that the vast majority of net dollars and net units generated in this channel were from scholarly frontlist and backlist cloth and paperback books rather than from 'textbooks.'

Between 1997 and 2000, the university press community experienced steady growth rates in every channel. Exports increased 15.1 per

Table 3: Total university press net publishers' revenues by channel of distribution, 1997–2002

Channels of distribution	1997 (\$ million)	1998 (\$ million)	1999 (\$ million)	2000 (\$ million)	2001 (\$ million)	2002 (\$ million)	Per cent change 1997–2002
All sales	400.0	430.0	450.0	460.0	443.0	444.0	11.00
Export sales	51.0	54.8	57.2	58.7	56.6	56.7	11.18
Domestic sales							
(Total)	349.0	375.2	392.8	401.2	386.4	387.3	10.97
General							
Retailers	92.6	99.6	103.8	106.3	102.4	102.6	10.80
College							
bookstores	96.8	104.1	108.6	111.1	107.0	107.3	10.85
Libraries and							
institutions	105.7	113.6	119.8	122.2	117.5	117.7	11.35
High schools	7.3	7.8	8.2	8.4	8.0	8.1	10.96
Direct to							
consumers	44.5	47.9	49.9	51.0	49.3	49.4	11.01
Other	2.0	2.2	2.4	2.3	2.2	2.1	5.00

Source: Book Industry Study Group, *Book Industry Trends 2003*. All numbers have been rounded and may not add up to 100 per cent.

cent, just eclipsing the pace of general retailers (+14.79 per cent) and college bookstores (+14.77 per cent). Libraries and institutions were up 15.61 per cent, high schools were up 15.07 per cent, and sales directly to consumers were up 14.61 per cent. The amorphous 'other' category also increased (+15 per cent). However, total net revenues by channel sagged in every channel by 2001. Table 3 outlines these trends.

Hardbound Books

We analysed the markets for hardbound and paperback books separately. The pattern described above is clearly evident in the hardbound sector. Between 1997 and 2000, total sales increased 12.99 per cent; exports kept pace, with a 13.04 per cent growth rate. As for domestic sales, general retailers (+12.96 per cent), colleges (+12.97 per cent), libraries (+12.88 per cent), high schools (+14.63 per cent), and sales directly to consumers (+13 per cent) were all on the upswing. In 2001, slippage was evident in every channel, depressing the gains of 1997–2000. Data for 2001 and 2002 are, in essence, identical because of rounding. See Table 4 for an outline of these events.

Table 4: Hardbound university press net publishers' revenues by channel of distribution, 1997–2002

Channels of distribution	1997 (\$ million)	1998 (\$ million)	1999 (\$ million)	2000 (\$ million)	2001 (\$ million)	2002 (\$ million)	Per cent change 1997–2002
All sales	193.2	207.7	217.4	218.3	214.5	214.5	11.02
Export sales	27.6	29.7	31.0	31.2	30.7	30.7	11.23
Domestic sales (Total)	165.6	178.0	186.4	187.1	183.8	183.8	10.99
General retailers	35.5	38.2	39.9	40.1	39.4	39.4	10.99
College bookstores	34.7	37.3	38.9	39.2	38.5	38.5	10.95
Libraries and institutions	68.3	73.4	76.9	77.1	75.8	75.8	10.98
High schools	4.1	4.4	4.6	4.7	4.8	4.6	12.20
Direct to consumers	22.3	24.0	25.1	25.2	24.8	24.8	11.21
Other	0.7	0.8	0.8	0.8	0.8	0.7	0.00

Source: Book Industry Study Group, *Book Industry Trends 2003*. All numbers have been rounded and may not add up to 100 per cent.

Paperback Books

A similar pattern is evident in university press paperback books between 1997 and 2002. Sharp growth rates were recorded across the board between 1997 and 2000. Starting in 2001, either no growth or flat rates are evident (again, because of rounding, the tallies for 2001 and 2002 are remarkably close). Paperbacks avoided the steep declines of cloth books during these years, however. Table 5 outlines these trends.

Clearly, the shift in the market for university press books was not confined to only one sector. This is a troubling development, since the big three channels (general retailers, college bookstores, and the library market) all posted declines. Softness in the market could be traced to a number of tribulations, including the impact of the Internet stock market bubble, the recession, a decline in consumer confidence, and the September 11 attack on the United States. Other possible factors include an overabundance of books in the marketplace, higher than normal return rates, library cutbacks, or consumer/end-user indifference toward the available titles.

In essence, it is impossible to ascertain whether only one of these

Table 5: Paperbound university press net publishers' revenues by channel of distribution, 1997–2002

Channels of distribution	1997 (\$ million)	1998 (\$ million)	1999 (\$ million)	2000 (\$ million)	2001 (\$ million)	2002 (\$ million)	Per cent change 1997–2002
All sales	206.8	222.3	232.6	231.7	228.5	229.5	10.98
Export sales	19.5	21.0	21.7	21.7	21.6	21.7	11.28
Domestic sales							
(Total)	187.3	201.3	210.9	210.0	206.9	207.8	10.95
General retailers	69.2	74.4	78.0	77.7	76.5	76.6	10.69
College bookstores	78.0	83.8	88.0	87.5	86.1	86.6	11.03
Libraries and institutions	15.0	16.1	17.0	16.9	16.5	16.6	10.67
High schools	2.4	2.7	2.7	2.7	2.6	2.7	12.50
Direct to consumers	21.1	22.6	23.3	23.4	23.3	23.4	10.90
Other	1.6	1.7	1.9	1.8	1.8	1.8	12.50

Source: Book Industry Study Group, *Book Industry Trends 2003*. All numbers have been rounded and may not add up to 100 per cent.

explanations triggered the declines in hardcover and paper net revenues. In reality, the weakening in the university press revenue stream was probably caused by a combination of all of these variables.

The Market for University Press Books: Net Publisher Units

Publishers pay their bills in dollars; but net publishers' unit data reveal the real state of any publishing operation. Were there corresponding drops in net publishers' units between 1997 and 2002?

Our review of the data revealed an erosion in unit sales of university press books. The peak year for total net publisher units was 1999; a downward spiral emerged in 2000, one full year before any softness in net publishers' dollars was evident.

There was an across-the-board decline in total university press units in every channel. Total net units declined 3.13 per cent between 1999 and 2000; exports dipped 7.14 per cent. General retailers (–2.86 per cent), college bookstores (–4.26 per cent), and libraries (–1.92 per cent) posted declines; the other categories were flat. Table 6 outlines these trends.

Table 6: Total university press net publishers' units by channel of distribution, 1997–2002

Channels of distribution	1997 (millions of units)	1998 (millions of units)	1999 (millions of units)	2000 (millions of units)	2001 (millions of units)	2002 (millions of units)	Per cent change 1997–2002
All sales	28.3	29.7	32.0	31.0	29.5	28.5	0.71
Export sales	3.5	3.7	4.2	3.9	3.8	3.6	2.86
Domestic sales							
(Total)	24.8	26.0	27.8	27.1	25.7	24.9	0.40
General retailers	9.6	10.0	10.5	10.2	9.8	9.7	1.04
College bookstores	8.6	9.1	9.4	9.0	8.7	8.4	-2.33
Libraries and institutions	4.4	4.6	5.2	5.1	4.7	4.5	2.27
High schools	0.3	0.3	0.5	0.5	0.4	0.3	0.00
Direct to consumers	1.6	1.7	1.9	1.9	1.8	1.6	0.00
Other	0.3	0.3	0.4	0.3	0.3	0.3	0.00

Source: Book Industry Study Group, *Book Industry Trends 2003*. All numbers have been rounded and may not add up to 100 per cent.

Hardbound Books

The pattern for hardbound books was uneven. All sales increased 12.79 per cent between 1997 and 1999, and then units declined steadily through 2002, dropping 10.31 per cent between 1999 and 2002. This pattern was evident in overall domestic sales (-10.84 per cent), college sales (-13.33 per cent), and sales to libraries and institutions (-12.9 per cent); the other categories posted flat results. Table 7 outlines these trends.

Paperbound Books

Paperbacks, long the backbone of the college adoption market, showed the steepest declines. All sales were up 13.2 per cent between 1997 and 1999; then units declined 11.21 per cent between 1999 and 2002. Between 1997 and 2002, exports sagged (-4.35 per cent), as did the totals for direct sales to consumers (-10 per cent). The other channels generated small increases or were flat. Table 8 highlights these trends.

What happened to the sale of university press books in almost every channel of distribution?

Table 7: Hardbound university press net publishers' units by channel of distribution, 1997–2002

Channels of distribution	1997 (millions of units)	1998 (millions of units)	1999 (millions of units)	2000 (millions of units)	2001 (millions of units)	2002 (millions of units)	Per cent change 1997–2002
All sales	8.6	9.0	9.7	9.5	9.0	8.7	1.16
Export sales	1.2	1.3	1.4	1.3	1.3	1.3	8.33
Domestic Sales (Total)	7.4	7.7	8.3	8.2	7.7	7.4	0.00
General retailers	2.3	2.5	2.6	2.6	2.5	2.4	4.35
College bookstores	1.3	1.4	1.5	1.5	1.4	1.3	0.00
Libraries and institutions	2.7	2.8	3.1	3.0	2.8	2.7	0.00
High schools	0.2	0.2	0.3	0.3	0.2	0.2	0.00
Direct to consumers	0.6	0.7	0.7	0.7	0.7	0.7	16.67
Other	0.1	0.1	0.1	0.1	0.1	0.1	0.00

Source: Book Industry Study Group, *Book Industry Trends 2003*. All numbers have been rounded and may not add up to 100 per cent.

Table 8: Paperbound university press net publishers' units by channel of distribution, 1997–2002

Channels of distribution	1997 (millions of units)	1998 (millions of units)	1999 (millions of units)	2000 (millions of units)	2001 (millions of units)	2002 (millions of units)	Per cent change 1997–2002
All sales	19.7	20.7	22.3	21.5	20.8	19.8	0.51
Export sales	2.3	2.3	2.7	2.5	2.5	2.2	-4.35
Domestic sales (Total)	17.4	18.4	19.6	19.0	18.3	17.6	1.15
General retailers	7.3	7.9	8.2	7.9	7.7	7.5	2.74
College bookstores	7.5	8.0	8.4	8.1	8.0	7.7	2.67
Libraries and institutions	1.2	1.3	1.4	1.4	1.3	1.2	0.00
High schools	0.1	0.1	0.2	0.2	0.1	0.1	0.00
Direct to consumers	1.0	0.9	1.2	1.1	1.0	0.9	-10.00
Other	0.2	0.2	0.2	0.2	0.2	0.2	0.00

Source: Book Industry Study Group, *Book Industry Trends 2003*. All numbers have been rounded and may not add up to 100 per cent.

An Analysis of Some of the Channels of Distribution

Export Books

University presses publish important books, many of which have export sales potential; but this is an exceptionally difficult market to penetrate. Commercial presses have full-time sales representatives touring important export markets in Europe and the Pacific Rim once or, more commonly, twice a year. Few university presses have sales representatives of their own visiting these markets; instead, the vast majority relies on independent sales reps (often representing a cluster of university presses) to sell their books abroad, which is not the most effective way to tap into this market.

Of course, currency conversion rates can pose serious problems. When, for example, the US dollar rises against the Philippine peso, exports to the Philippines decline. The ‘Asian currency contagion’ (the banking and currency financial crisis that gripped Japan, Indonesia, and most of the Pacific Rim in 1997) undermined sales to many nations in the Pacific Rim and Asia in the late 1990s.

Some of these problems are clearly beyond the control of university presses; but it is possible that the entire university press community has the cumulative means to craft an innovative marketing campaign to try to penetrate an exceptionally important channel of distribution for all publishers, big and small. While additional research on this issue is needed, we believe this market has the potential to make up for slippage in the domestic market, for the following reasons: (1) English is the international language in a number of academic fields; (2) a sizable number of American academics have developed sophisticated research projects in the sciences (areas of great interest abroad); and (3) there have been impressive and innovative research studies in many areas of the humanities and social sciences (again, areas of interest abroad).

High Schools and Direct Sales to Consumers

The high school book market must be considered. Public schools rarely rely on university press books; however, many independent (i.e., ‘private’) schools use university press books in various courses in

the humanities and social sciences. A coordinated marketing campaign, combined with attendance at the annual meeting of the National Association of Independent Schools (NAIS), could stimulate sales in this burgeoning market.

The direct-to-consumer sector is primed for growth. Clearly, Internet sales of books have increased sharply since 1997; and catalogues, fax, and toll-free numbers offer opportunities. A coordinated university press campaign in these four sub-markets could mine an important but sagging form of distribution.

General Retailers

Throughout the 1980s and 1990s, many university presses believed that the general reader market was 'the market of the future'; as a result, they shifted financial and editorial resources to develop consumer (i.e., adult trade) book lines.

This strategy paid off for a cluster of presses. However, a seismic shift in the marketplace took place in the 1980s and 1990s. The wide acceptance of cable television and VCRs in the 1980s and the emergence of the Internet, satellite television, and DVDs in the 1990s triggered a substantive shift in entertainment usage and expenditure patterns. The end result was a decline in consumer book usage (i.e., hours per person per year). The average individual over the age of eighteen spent 123 hours reading consumer books in 1996. In the years that followed years, the number of hours declined steadily, reaching 109 in 2002 (down 11.38 per cent). The prognosis for the years 2003 through 2006 is equally unsettling, and additional declines are anticipated. Table 9 outlines this trend.

Consumer book expenditures, on the other hand, were up 7.46 per cent between 1996 and 2002, with projected increases for 2003 through 2006. The increases in dollars compensated for (and partially hid) declines in unit sales, a fact readily evident in the data published in *Book Industry Trends*. Table 10 outlines these trends.

College Bookstores

A review of data released by the National Center for Education Statistics indicates the potential for real growth in the college and university bookstore sector.²⁹ Undergraduate enrolments were up 7.88 per

The Market for University Press Books, 1997–2002 201

Table 9: Consumer (trade) book usage, 1996–2006

Year	Consumer book usage (hours per person per year)	Per cent change from previous year	Per cent of total media usage
1996	123	–	3.67
1997	118	–4.07	3.55
1998	118	0	3.55
1999	119	0.85	3.48
2000	109	–8.4	3.12
2001	106	–2.75	2.99
2002	109	–2.83	3.02
2003	108	–0.92	2.95
*2004	107	–0.93	2.85
*2005	106	–0.93	2.78
*2006	106	0	2.72
*2007	105	–0.94	2.66
*2008	104	–0.95	2.56
1996–2002	–11.38%	–	–
2003–8	–1.8%	–	–

Source: Veronis Suhler Stevenson, *Communications Industry Forecast 2004–2008* (New York: Veronis Suhler Stevenson 2004), 55.

*Indicates estimate. All numbers have been rounded and may not add up to 100 per cent.

Table 10: Consumer (trade) book expenditures, 1996–2006

Year	Consumer book expenditures (dollars per person per year)	Per cent change from previous year	Percent of total media expenditures
1996	80.98	–	16.09
1997	80.54	–0.54	15.18
1998	82.75	2.74	14.62
1999	87.34	5.55	14.33
2000	86.13	–1.39	13.63
2001	84.45	–1.95	12.44
2002	87.51	3.62	11.86
2003	89.68	2.48	11.53
*2004	90.30	0.69	10.94
*2005	91.49	1.32	10.50
*2006	92.72	1.34	10.06
*2007	93.02	0.32	9.55
*2008	93.70	0.73	9.10
1996–2002	7.46%	–	–
2003–6	5.40%	–	–

Source: Veronis Suhler Stevenson, *Communications Industry Forecast 2004–2008* (New York: Veronis Suhler Stevenson 2004), 53.

*Indicates estimate. All numbers have been rounded and may not add up to 100 per cent.

Table 11: Total college and graduate school enrolments, 1997–2002

Year	Undergraduate (thousands)	Graduate (thousands)	Total higher education enrolment (thousands)
1997	12,451	1,753	14,502
1998	12,437	1,768	14,507
1999	12,681	1,807	14,791
2000	13,155	1,850	15,312
2001	13,278	1,852	15,442
2002	13,432	1,865	15,608
Per cent change 1997–2002	7.88	6.39	7.63

Source: US Department of Commerce, Economics and Statistics Division, Bureau of the Census, *The Statistical Abstract of the United States: 2004–2005* (Washington, DC: GPO 2004), 136 All numbers have been rounded and may not add up to 100 per cent.

cent between 1997 and 2002, with graduate schools lagging slightly at 6.39 per cent. Table 11 outlines these trends.

Starting in the late 1990s, and readily evident by 2002, sales of university press backlist books posted declines because of two unrelated events.

First, a review of the data from the National Association of College Stores (NACS) reveals that departmental gross margins are higher for used texts (on average 34.4 per cent) than for new textbooks (22.93 per cent). Used books accounted for \$1.6 billion (20.51 per cent) of all college bookstore sales in 2001/2. Our conversations with college bookstore representatives and publishing leaders indicate conclusively that additional growth in used texts is anticipated. Table 12 outlines this trend.

Second, the prevailing consensus of college bookstore representatives and the publishing community is that a newly published required book for college or graduate school students has a sell-through rate of 90 per cent in the first year, dropping to 45 per cent in the second year and only 10 per cent in the third year. Some students will not buy a required book; two or more students sometimes purchase one copy of a book and share it (or make copies of the entire book and share the copies).

Both these events have affected university sales, especially the emergence of a sophisticated, nationally coordinated used book network able to supply used books to college and commercial bookstores.

Table 12: College bookstore market financial data, 2001–2

<i>Departmental gross margins</i>				
	Average	25th percentile	Median	75th percentile
New textbooks	22.93	20.01	22.90	25.73
Custom-published materials	25.49	19.54	23.90	30.51
Used textbooks	34.40	31.30	34.85	37.73
Total course 'books'	26.11	23.10	25.70	28.41
General trade books	28.04	22.82	28.59	34.20

<i>College bookstore market</i>	
	Total revenues
All course materials	\$ 7.8 billion
General/trade books	\$378 million
Student supplies	\$611 million
Computer products	\$849 million
Insignia merchandise	\$552 million

<i>Textbook/course pack market</i>		
	Total revenues	Per cent of total revenues
New textbooks	\$ 6.1 billion	78.21
Used textbooks	\$ 1.6 billion	20.51
Course packs	\$100 million	1.28
Total course materials	\$ 7.8 billion	100

Source: The National Association of College Stores, <http://www.nacs.org>. All numbers have been rounded and may not add up to 100 per cent.

The Emergence of the Used Book Channel

Starting in 2000, we conducted a series of discussions with a cross-section of book publishers. One intriguing thread emerged during many of those interviews and discussions: backlist sales were either flat or down. At first, we attributed sales fluctuations to the impact of the economic climate. Many academics and general readers purchase books, including university press books, with discretionary income. Data related to previous recessions in the late 1980s and early 1990s show that consumers reduced their expenditures on certain items whenever a recession hung over the nation or there was a decline in consumer confidence levels (as measured by the University of Michigan's monthly surveys).³⁰

One publisher mentioned that several books not yet published by her press were available on used book sites. She believed that these

sites were involved in a 'futures' market. Presses release title information prior to a book's publication date; this publisher maintained that these used book sites had obtained this information and were offering the books prior to the publication date, at new and used prices, to gauge the potential market for specific titles. The Internet retailers would then obtain copies if consumers indicated an interest in purchasing a specific title.

We visited a number of commercial (i.e., non-university) bookstores in several major metropolitan markets (including New York/New Jersey, Boston/Cambridge, Chicago, Kansas City, and San Francisco) to determine the availability of books in several specific book categories: business, economics, US history, and sociology. We often found new and used books placed side by side on shelves, and we discovered that many of these stores also purchased used books. We then surveyed a number of college bookstores in the same metropolitan areas, again scanning the shelves for books, and again we discovered a number of used books.

We discussed the used book market with representatives from three used book companies. Their *modus operandi* was intriguing. They called on faculty members to inquire if they had any books for sale. Using hand-held computers programmed with ISBNs and prices, they scanned each book's ISBN, determined the value of the book, and recorded its price. They paid cash for any book they purchased, and no receipt was given to record the purchase.

A Study of Internet Bookselling Sites

We decided to undertake a systematic study of the Internet's new and used frontlist bookselling sites to ascertain their impact on university press book sales.

We visited www.Amazon.com, www.BN.com, and several dozen other Web sites and ran a few titles through their 'regular' (i.e., not the used book) sites. We found many new titles offered for sale as 'used' books within days of their publication date. We then clicked onto the www.Amazon.com used book site and typed 'university press books' into the search engine; more than 1000 used university press books were listed for sale.

We compiled a complete list of all university presses in North America. We deleted all presses not affiliated with a university in

Canada or the United States (e.g., presses that are part of a museum or a research think tank). We selected at random seven of these presses, which we identified as university presses A, B, C, D, E, F, and G. Six of these presses were in the United States and one in Canada; two of the seven were at private universities. Based on our review of North American university presses, we created a list of four press categories (very large, large, medium, and small); our sample of seven presses included no very large presses; four large presses; two medium-sized presses; and one small press.

The randomness of the selection process, and the sizes and affiliations of the seven presses, indicate that they constitute a representative sample of all North American university presses.

We collected a complete master list of all new frontlist cloth and paperback books (each title with a unique ISBN) published by these seven presses during the spring of 2001 (348 books) and the spring of 2002 (369 titles), for a total of 717 titles. A book issued in a split run (i.e., in both cloth and paperback formats) was counted as two titles, since each book had a unique ISBN; both formats were analysed in the study.

The master lists were compiled in March 2001 (for the spring 2001 list) and March 2002 (for the spring 2002 list). Since a whole list is never released at the same time, we ran the titles through Internet Shopbots (a computerized shopping robot service) in mid-March 2001 (for the spring 2001 list) and mid- to late March 2002 (for the Spring 2002 list) to determine both new and used prices for all new frontlist cloth and paperback books at the various Internet bookselling sites. Not every university press book in our study was found on every site, and not every new frontlist book was available at used prices on these sites. All of the data were aggregated and analysed using the analysis of variance (ANOVA) procedure, which analyses the variance within a data set.

Our research indicated that some new frontlist books had been on the market for up to three months; others had been on the market for a matter of weeks; and some were yet to be released (though some appeared as ‘futures’). This allowed us to gauge the rapidity with which used new frontlist books were becoming available in the marketplace.

The use of Shopbots to study bookselling is a well-established market research procedure. Karen Clay, Ramayya Krishnan, and Eric Wolff

investigated the prices of 399 books available at various online bookstores between August 1999 and January 2000. Their research revealed that 'more competition led to lower prices and to lower price dispersion.'³¹ In another study, Clay, Krishnan, and Danny Fernandes addressed issues related to the impact of information on book prices at both online sites and traditional bookstores. 'Using data collected in April 1999 on the prices of 107 books in thirteen online and two physical bookstores,' they write, 'we find similar average prices online and in physical stores and substantive price dispersion online.'³²

Michael D. Smith and Erik Brynjolfsson investigated online bookselling patterns at thirty-three online sites over a sixty-nine-day period. 'Although each retailer offers a homogenous product,' they write, 'we find that brand is an important determinant of consumer choice ... In particular, we find that consumers use brand as a proxy for retailer credibility in non-contractible aspects of the product and service bundle, such as shipping reliability.'³³

The Results: 2001 Frontlist Titles

The Shopbots generated data on the 2001 frontlist books from a number of Internet sites, including A1 Books (www.a1books.com), Amazon.com, Alphacraze (www.alphacraze.com), 1Bookstreet (www.1bookstreet.com), Barnes & Noble (www.barnesandnoble.com), BooksAMillion (www.booksamillion.com), Buy.com, ClassBooks.com, Ecampus.com, FatBrain.com, Half.com, PageOne.com, Powell's (www.powells.com), TextbookX.com, and Wal-Mart (www.walmart.com).

On average, the prices of new university press books on the Internet sites were 6 per cent lower than the suggested retail price (SRP). Taking into account the cost of shipping and handling (S&H), however, the prices on the Internet were 7 per cent higher than the SRP. See Table 13 for a complete list of these sites and detailed information about the data.

Significant variations in new book prices were evident across Internet booksellers, and major variations in new book prices were observed across publishers. The heaviest Internet discounting was on books published by Press E. See Table 14 for details.

We also analysed the discount rate for 473 authors. These rates differed significantly, but no apparent pattern was discovered. While

Table 13: Average ratio of Internet price to suggested retail price (SRP), 2001

Internet outlet*	Price / SRP	(Price + S&H) / SRP	S&H / price (per cent)
A1 Books	0.90 (0.14)**	1.05 (0.13)	17 (8)
Amazon.com	0.96 (0.33)	1.12 (0.34)	17 (9)
Alphacraze	0.91 (0.14)	1.05 (0.14)	16 (7)
1 Bookstreet	1.05 (0.16)	1.05 (0.16)	0 (1)
Barnes & Noble.com	0.97 (0.06)	1.10 (0.08)	13 (6)
Books A Million	0.88 (0.12)	1.03 (0.12)	17 (9)
Buy.com	0.92 (0.12)	1.04 (0.12)	13 (6)
ClassBooks.com	1.00 (0.02)	1.12 (0.06)	12 (5)
Ecampus.com	0.77 (0.07)	0.90 (0.08)	18 (5)
FatBrain.com	0.98 (0.06)	1.11 (0.21)	14 (5)
Half.com	0.87 (0.22)	0.96 (0.10)	12 (10)
PageOne.com	0.82 (0.09)	1.10 (0.16)	34 (9)
Powell's	0.95 (0.14)	1.06 (0.10)	13 (8)
TextbookX.com	0.82 (0.10)	0.97 (0.10)	19 (7)
Wal-Mart	0.75 (0.07)	0.90 (0.12)	20 (8)

*Discount differences across sites were tested through ANOVA and found to be significant at $p < 0.01$.

**Numbers in parentheses are standard deviations.

Table 14: Average ratio of Internet price to SRP for each university press, 2001

University press*	Price / SRP	(Price + S&H) / SRP	S&H / price (per cent)
A	1.43 (1.25)**	1.55	10
B	0.91 (0.10)	1.05	17
C	0.96 (0.30)	1.08	14
D	0.92 (0.08)	1.06	15
E	0.86 (0.12)	0.99	16
F	0.99 (0.09)	1.08	10
G	0.95 (0.11)	1.07	13

*Discount differences across publishers were tested through ANOVA and found to be significant at $p < 0.01$.

**Numbers in parentheses are standard deviations.

data on specific authors were collected, we cannot release this data, since the authors and the presses could then be identified.

Sales taxes were not computed because (1) not every Internet site studied is legally obligated to charge and remit sales taxes and (2) sales taxes vary significantly from one location to another. Since it was patently unfair to use one location as a barometer in calculating total costs, we disregarded all sales taxes.

However, taking into account the cost of S&H (which averaged 14.5

Table 15: Ratio of Internet prices by format (cloth versus paperback) for new and used frontlist books, 2001

<i>New books</i>			
	Cloth	Paperback	Cloth versus paperback difference
Price / SRP	0.97	0.91	Significant at $p < 0.05$
(Price + S&H) / SRP	1.05	1.09	Not significant
S&H / Price	9%	20%	Significant at $p < 0.01$
<i>Used books</i>			
Price / SRP	0.77	0.76	Not significant
(Price + S&H) / SRP	0.88	0.98	Significant at $p < 0.01$
S&H / Price	16%	31%	Significant at $p < 0.01$

per cent of the selling price), we observed no significant variations in discounting of new books as a function of format (cloth versus paperback). For used frontlist books, significant variations in Internet discounting were observed once the cost of S&H was included. On average, the book price was more heavily discounted for cloth books than for paperback books. See Table 15 for details.

The Results: 2002 Frontlist Titles

For 2002, prices for new university press books on the Internet were, on average, 7 per cent lower than the SRP (see Table 16 for detailed information). Taking into consideration the cost of S&H, however, the net prices on the Internet were 3 per cent higher than the SRP. Shipping and handling, on average, accounted for 12 per cent of the price of the book.

Compared to 2001, higher levels of variation in the new book prices were evident across the Internet sites. The average new book discount (versus the SRP) ranged from 31 per cent (at A1 Books) to 6 per cent (at Barnes & Noble.com). Significant variations in new book prices were also observed across publishers. The heaviest Internet discounting occurred for presses C and G (average discount: 12 per cent) and the least for presses A and F (average discount: 1 per cent). Again, Internet discounts varied significantly across authors. See Table 17 for detailed data.

No significant variations in discounting of new books were observed as a function of format. However, statistically significant differences were evident when the cost of S&H was taken into account.

Table 16: Average ratio of Internet price to SRP, 2002

Internet outlet*	Price / SRP	(Price + S&H) / SRP	S&H / price (per cent)
A1 Books	0.69 (0.04)**	0.86 (0.08)	26 (10)
Amazon.com	0.93 (0.13)	1.07 (0.13)	15 (9)
Alphacraze	0.91 (0.10)	1.05 (0.11)	16 (8)
1 Bookstreet	N/A	N/A	N/A
Barnes & Noble.com	0.94 (0.12)	1.08 (0.14)	16 (10)
Books A Million	0.93 (0.12)	1.04 (0.13)	13 (11)
Buy.com	0.90 (0.16)	0.89 (0.09)	0 (0)
ClassBooks.com***	1.33	1.51	14
Ecampus.com	0.79 (0.10)	0.88 (0.09)	13 (8)
FatBrain.com	N/A	N/A	N/A
Half.com	0.89 (0.28)	0.98 (0.27)	13 (7)
PageOne.com	0.86 (0.10)	1.09 (0.11)	32 (9)
Powell's	0.92 (0.21)	1.07 (0.24)	16 (5)
TextbookX.com	0.80 (0.09)	0.92 (0.09)	18 (9)
Wal-Mart	N/A	N/A	N/A
BiggerBooks.com	0.77 (0.09)	0.88 (0.09)	16 (8)

*Discount differences across sites were tested through ANOVA and found to be significant at $p < 0.01$.

**Numbers in parentheses are standard deviations.

***ClassBooks.com data are based on a limited number of observations.

Table 17: Average ratio of Internet price to SRP for each university press, 2002

University press*	Price / SRP	(Price + S&H) / SRP	S&H / price (per cent)
A	0.99 (0.02)**	1.08	9
B	0.90 (0.12)	1.03	16
C	0.88 (0.11)	0.99	12
D	0.95 (0.13)	1.06	12
E	0.95 (0.08)	1.03	11
F	0.99 (0.01)	1.07	10
G	0.88 (0.14)	1.03	20

*Discount differences across publishers were tested through ANOVA and found to be significant at $p < 0.05$.

**Numbers in parentheses are standard deviations.

In general, cloth books were found to be more heavily discounted when S&H was factored into the calculation.

For used new frontlist titles, significant variations in Internet discounting were observed. On average, taking into account S&H, the net selling price was more heavily discounted (versus the SRP) for cloth copies than for paperback books. This observation is consistent with the results observed for new books (see Table 18).

A detailed analysis of the seven presses revealed that the prices for

Table 18: Ratio of Internet prices by format (cloth versus paperback) for new and used frontlist books, 2002

<i>New books</i>			
	Cloth	Paperback	Cloth versus paperback difference
Price / SRP	0.92	0.93	Not significant
(Price + S&H) / SRP	1.00	1.09	Significant at $p < 0.01$
S&H / price	8%	19%	Significant at $p < 0.01$
<i>Used books</i>			
Price / SRP	0.49	0.56	Not significant
(Price + S&H) / SRP	0.59	0.75	Significant at $p < 0.05$
S&H / price	19%	25%	Significant at $p < 0.01$

Table 19: University press sample of new and used cloth prices, 2001 and 2002

Press	2001			2002		
	Average new cloth book prices (US\$)	Average used book prices (US\$)	Used price as a percentage of new book price	Average new cloth book prices (US\$)	Average used book prices (US\$)	Used price as a percentage of new book price
A	44.46	44.46	0	45.78	N/A	N/A
B	34.28	20.18	42	36.07	22.38	61
C	32.45	18.47	76	36.60	31.29	17
D	44.71	36.79	22	46.65	37.94	19
E	54.09	46.29	25	60.27	51.74	17
F	78.08	70.03	12	69.78	56.07	25
G	55.19	39.56	40	34.55	14.70	135

All percentages have been rounded and may not add up to 100 per cent.

used copies of new frontlist cloth books in 2001 and 2002 were competitive and, in some instances, highly competitive (excluding S&H), with three of the seven presses experiencing large discount rates. Table 19 provides detailed data on the new and used average prices for cloth and books in 2001 and 2002.

Discount rates for paperback books in 2001 and 2002 were higher, overall, than cloth discounts during those same years. Table 20 outlines this trend.

We also analysed data on the range of options available to consumers using online bookselling sites. Selecting one of the seven presses in the study at random, we identified the first five books (cloth or paperback) with both new and used frontlist titles in the spring 2001 list and the first five books (again, cloth or paperback) with both new

Table 20: University press sample of new and used paperback prices, 2001 and 2002

Press	2001			2002		
	Average new paperback book prices (US\$)	Average used book prices (US\$)	Used price as a percentage of new book price	Average new paperback book prices (US\$)	Average used book prices (US\$)	Used price as a percentage of new book price
A	24.78	N/A	N/A	29.95	N/A	N/A
B	17.41	13.66	31	20.36	12.20	67
C	22.86	13.70	67	15.35	14.86	3
D	18.78	15.05	34	19.73	15.58	27
E	20.16	16.73	20	25.94	19.95	30
F	27.17	20.67	32	28.32	26.78	6
G	21.58	14.70	47	23.94	13.88	70

All percentages have been rounded and may not add up to 100 per cent.

Table 21: Representative sample of new and used cloth frontlist book prices, 2001–2

Book category	SRP	Used price	Percentage difference
Psychology	55.00	42.95	22
Film Studies	70.00	51.00	27
African Studies	35.00	20.00	47
Economics	27.50	24.00	13
Political Science	55.00	25.00	55
Economics	35.00	21.50	39
Legal Studies	42.00	37.62	1
History	40.00	29.95	25
Women's Studies	65.00	64.35	1
Sociology	60.00	59.40	1
Ten-book average	48.45	37.58	22

Source: Average new and used prices at Amazon.com for the first ten books with new and used cloth frontlist books at one medium-sized press in our seven-press random survey. The S&H fee for new and used frontlist books was \$4.48; if an order reached a fixed minimum dollar amount of \$25, then S&H was free. All books in this cluster had free S&H. All numbers have been rounded and may not add up to 100 per cent.

and used frontlist titles in the spring 2002 list. The average SRP for these ten books was \$48.45; the average used price for a new frontlist book at the sites listing these ten titles was \$37.58, a difference of 22 per cent (\$10.87). The sale of these ten titles as used books cost this press hundreds of dollars in lost revenues (see Table 21).

Our analysis of the data also indicates that used copies of new frontlist books were available relatively quickly after the books' publi-

cation dates. For example, by mid- to late March 2002, the following presses faced a deluge of used books flooding the market:

- Press B: 70 per cent of new cloth books were available at used prices
- Press C: 23 per cent of new cloth books and 50 per cent of new paperback books were available at used prices
- Press E: 69 per cent of new cloth books and 71 per cent of new paperback books were available at used prices
- Press F: 53 per cent of new cloth books and 36 per cent of new paperback books were available at used prices
- Press G: 47 per cent of new cloth books and 75 per cent of new paperback books were available at used prices

The Electronic Reserves (E-RES) System

Libraries have used reserve reading systems for decades. Faculty members placed books, book chapters, and articles (along with other materials) on reserve; students could then sign out reserve materials for a limited period, perhaps a few hours, but could not remove them from either the reserve reading room or the library.

While this system worked, inherent restrictions limited its usefulness. Students could not access the materials they needed when the library was closed, and some students found it difficult to access the library, perhaps because of physical or geographical limitations or work requirements.

The emergence of computer networks has changed the reserve system. Now a faculty member can place a book's chapter(s) or articles on 'electronic reserve' (E-RES). The documents are scanned into a computer system, and students can access, read, and download any materials in the library on computer terminals or access the documents at any time from a remote location (an undergraduate student in a dorm room on campus, a graduate student 1000 miles away from his or her university, etc.), assuming the student has agreed to comply with the copyright statement on the E-RES system.

Clearly, the landscape of research has changed positively, allowing students and faculty members unfettered access to a vast array of academic and research materials. Yet the 'law of unexpected consequences' has emerged, as it often does. Since a faculty mem-

ber can create an entire course using only E-RES, the potential impact of lost book sales is significant. However, the E-RES system is so new that empirical data on usage patterns do not exist. This new development merits close monitoring by the entire university press community.

Used Books and E-RES

Exceptionally sophisticated Internet sites, quickly stocked with new and used frontlist cloth and paperback books, provide value for students and consumers. Changes in the library reserve system have helped turn the library into a veritable twenty-four-hour, seven-days-a-week resource centre that will be an invaluable boon to students and faculty members.

At the end of the day, however, the sale of used books at highly competitive prices is undermining frontlist, and ultimately decimating backlist, university press book sales; and the real impact of the E-RES system has yet to be ascertained.

One fact is known. Used book sales are sapping the ability of many presses to develop and maintain lists; and, inevitably, this means that fewer presses will have the resources needed to issue that pivotal monograph for an untenured assistant professor in the humanities or social sciences.

Conclusions and Recommendations

University presses publish substantive works that broaden our understanding of the world and enrich our appreciation for the diverse ideas and culture of our society and our world. It has been argued that a university press book (or a journal article published by a university press, for that matter) is 'the coin of the realm' in academic circles, since these peer-reviewed publications are highly prized by authors and widely recognized by department chairs, deans, and provosts as critically important documents in the complex hiring, tenure, promotion, and merit pay evaluations of faculty.

It is also true that these presses compete in the marketplace of ideas for authors, manuscripts, and sales. All too frequently, this 'tournament' involves competition with commercial academic publishers who have deep financial resources, cooperative marketing dollars,

budgets for advertisements and author tours, and broad domestic and global distribution networks. Clearly, a struggle with commercial houses is inevitable for many university presses.

Based on our discussions, a review of the published literature, and a detailed analysis of various statistical data sets, we believe that university presses have a number of significant competitive advantages over commercial academic publishing houses; we also believe university presses should maximize these advantages.

Accordingly, we suggest that the university press community consider the following options (and also seek appropriate funding from foundations and university provosts):

- 1 Launch a series of seminars on college campuses (under the aegis of university press directors, librarians, and provosts) to highlight the role of university presses in the transmission of knowledge and to generate support for university presses, especially among provosts. The intended audiences include tenured and tenure-track faculty members; graduate students; academic administrators (department chairs, deans, provosts, etc.); and librarians. Possible workshop topics include
 - ‘the role university presses play in the publication of books in the humanities, the social sciences, and the mathematics/science areas’
 - ‘what university press editors look for in manuscripts in the humanities, social sciences, and mathematics/science areas’
 - ‘how to get your manuscript ready for a university press’
 - ‘the pivotal role of copyright protection for authors’
 - ‘the future of print and the electronic distribution of content’
 - ‘the economics of scholarly publishing,’ including the costs associated with plant, PPB, distribution and warehousing, and so on (in essence, the P & L); the impact of the ‘serials crisis’ on presses, authors, and libraries; and the fact that the supply of books in certain academic fields is increasing faster than the demand from readers in those fields
 - ‘the important role university presses play in the intellectual life of the university,’ especially as publishers of titles in ‘smaller academic fields’
- 2 Urge universities to create an ‘office of scholarly communication’ (under the aegis of the provost) to assist faculty members and graduate students in their publishing activities.

3 Evaluate the following areas:

- the important and growing export market for university press books
- export marketing and sales consortia to broaden the reach of all university presses into the export marketplace
- advertisements in college alumni magazines highlighting frontlist and backlist books (we know from other research studies that adults above the age of thirty-five are avid readers, and this market is rarely tapped by university presses in alumni magazine advertisements)
- the use of E-RES on college campuses
- the important ‘independent’ school (i.e., ‘private high school’) market for university press books

The economics of publishing are harsh and unforgiving, but they are understandable. University presses should make sure that all members of the university community understand the economics of publishing as well as the inherent strengths of university presses and the constraints they face in fulfilling their lofty mission: to publish and disseminate the best possible scholarship.

ALBERT N. GRECO is Professor of Marketing at Fordham University’s Graduate School of Business Administration. He is the author of *The Book Publishing Industry* (Lawrence Erlbaum 2005) and other books and articles about the publishing industry. He is a consultant to the Book Industry Study Group, preparing statistical tables for *Book Industry Trends*.

ROBERT M. WHARTON is Professor of Management Systems and Area Chair of Management Systems at Fordham University’s Graduate School of Business Administration. He is the author of numerous statistical papers and a consultant to the Book Industry Study Group, preparing statistical tables for *Book Industry Trends*.

HOOMAN ESTELAMI is Associate Professor of Marketing and Co-Director of the Pricing Center at Fordham University’s Graduate School of Business Administration. His research papers have appeared in major marketing journals, and he is Associate Editor of the *Journal of Product and Brand Management*.

- 1 Chester Kerr, 'The Kerr Report: Revisited,' *Journal of Scholarly Publishing* 1, 1 (October 1969): 8–10; Albert N. Greco, 'University Presses and the Trade Book Market,' *Book Research Quarterly* 3, 4 (Winter 1987/1988): 24–53; Chester Kerr, 'A National Enquiry into the Production and Dissemination of Scholarly Knowledge,' *Journal of Scholarly Publishing* 7, 1 (October 1975): 7; Daniel J. Levant, 'Marketing in the Crunch,' *Journal of Scholarly Publishing* 4, 4 (July 1973): 302; William C. Becker, 'The Crisis – One Year Later,' *Journal of Scholarly Publishing* 4, 4 (July 1973): 291–302; Mary M. Case, 'University Presses: Balancing Academic and Market Values,' *ARL* 193 (August 1997), available at <http://www.arl.org/newsltr/193/up.html>; Scott Smallwood, 'The Crumbling Intellectual Foundation,' *Chronicle of Higher Education* (20 September 2002): B6; R. Stephen Humphreys, 'Why Do We Write Stuff That Even Our Colleagues Don't Want to Read?' in *The Specialized Scholarly Monograph in Crisis, or, How Can I Get Tenure If You Won't Publish My Book: The Papers*, available at <http://www.arl.org/scomm/epub/papers/humphreys.html>; Willis G. Regier, '5 Problems and 9 Solutions for University Presses,' *Chronicle of Higher Education* (13 June 2003): B7; Robert Darnton, 'The New Age of the Book,' *The New York Review of Books* (18 March 1999): 5–7
- 2 Michael Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors* (New York: Free Press 1980), 126–9
- 3 David Walters and Mark Rainbird, 'The Demand Chain as an Integral Component of the Value Chain,' *Journal of Consumer Marketing* 21, 7 (July 2004): 465–76
- 4 Abdullah Al-Mudimigh, Mohamed Zairir, and Abdel Moneim M. Ahmed, 'Extending the Concept of Supply Chain: The Effective Management of Value Chains,' *International Journal of Production Economics* 87, 3 (February 2004): 309–20
- 5 John Humphrey and Hubert Schmitz, 'How Does Insertion in Global Value Chains Affect Upgrading in Industrial Clusters?' *Regional Studies* 36, 9 (December 2002): 1017–27; Claus Steinle and Holger Schiele, 'When Do Industries Cluster? A Proposal on How to Assess an Industry's Propensity to Concentrate at a Single Region or Nation,' *Research Policy* 31, 6 (August 2002): 849–58
- 6 Jeffrey A. Dubin, *Studies in Consumer Demand: Econometric Methods Applied to Market Data* (Norwell, MA: Kluwer 1998), 15–82
- 7 Jacek Cukrowski and Ernest Aksen, 'Perfect Competition and Intra-Industry Trade,' *Economic Letters* 78, 1 (January 2003): 101–8
- 8 Kostas Axaroglou, 'The Cyclicity of New Product Introductions,' *Journal of Business* 76, 1 (January 2003): 29–48

- 9 Corrado Benassi, Alessandra Chirco, and Marcella Scrimatore, 'Income Concentration and Market Demand,' *Oxford Economic Papers* 54, 4 (October 2002): 584–96
- 10 Corrado Bennassi, Roberto Cellini, and Alessandra Chirco, 'Personal Income Distribution and Market Structure,' *German Economic Review* 3, 3 (August 2002): 327–38
- 11 Auke R. Leen, 'History of the Collective Market Demand Curve in the 20th Century: From Arthur Cecil Pigou to Gary Becker,' *Archives of Economic History* 13, 2 (July–December 2001): 75–88
- 12 Rod Combs, *Technology and the Market: Demand, Users, and Innovation* (Cheltenham, UK: ASEAT Conference Proceedings Series 2001), 57–74
- 13 Jack G. Goellner, 'The Impact of the Library Budget Crisis on Scholarly Publishing in the United States,' in Richard E. Abel and Lyman W. Newlin, eds., *Scholarly Publishing: Books, Journals, Publishers, and Libraries in the Twentieth Century* (New York: John Wiley & Sons 2002): 273–6, 274
- 14 Marsh Jeanneret, *God and Mammon: Universities as Publishers* (Urbana: University of Illinois Press 1989), 313
- 15 August Fruge, *A Skeptic Among Scholars: August Fruge on University Publishing* (Berkeley: University of California Press 1993), 67
- 16 Walter W. Powell, *Getting into Print: The Decision-Making Process in Scholarly Publishing* (Chicago: University of Chicago Press 1985), 183
- 17 Robin P. Peek and Gregory B. Newby, 'Introduction,' in Robin P. Peek and Gregory B. Newby, eds., *Scholarly Publishing: The Electronic Frontier* (Cambridge: MIT Press 1996): xv–xxii
- 18 Jason Epstein, *Book Business: Publishing Past, Present and Future* (New York: W.W. Norton 2001), 1–34
- 19 Thomas Ehrmann, Floria Haas, and Rainer Harms, 'The Bases of Successful Market Entry: The Liability and Size of Newness in E-Commerce,' *International Journal on Media Management* 4, 4 (Winter 2002): 203–11; Alexis Weedon, 'The Book Trade and Internet Publishing: A British Perspective,' *Convergence* 2, 1 (Spring 1996): 76–102
- 20 Albert N. Greco, *The Book Publishing Industry*, 2nd ed. (Mahwah, NJ: Lawrence Erlbaum 2005), 177–206
- 21 Jacques Barzun, 'The Future of Reading Books,' *Journal of Communication* 28, 4 (Autumn 1978): 10–7
- 22 Michael J. Robinson and Ray Olszewski, 'Books in the Marketplace of Ideas,' *Journal of Communication* 30, 2 (Spring 1980): 81–8
- 23 Walter W. Powell, 'Competition versus Concentration in the Book Trade,' *Journal of Communication* 30, 2 (Spring 1980): 89–97; Ben H. Bagdikian, *The New Media Monopoly* (Boston: Beacon Press 2004), 27–54

- 24 Ann Haugland, 'Books as Culture/Books as Commerce,' *Journalism Quarterly* 71, 4 (Winter 1994): 787–99
- 25 Joseph Moran, 'The Role of Multimedia Conglomerates in American Trade Book Publishing,' *Media, Culture, and Society* 19, 3 (July 1997): 441–55
- 26 Laura J. Miller, 'Cultural Authority and the Use of New Technology in the Book Trade,' *Journal of Arts Management, Law, and Society* 28, 4 (Winter 1999): 297–313
- 27 Nina D. Ziv, 'New Media as Catalysts for Change in the Transformation of the Book Publishing Industry,' *International Journal on Media Management* 4, 11 (Summer 2002): 66–74
- 28 Lewis A Coser, Charles Kadushin, and Walter W. Powell, *Books: The Culture and Commerce of Publishing* (Chicago: University of Chicago Press 1985), ix–xiii, 13–35
- 29 US Department of Commerce, Economics and Statistics Division, Bureau of the Census, *The Statistical Abstract of the United States: 2004–2005* (Washington, DC: GPO 2004), 136
- 30 James R. Bettman, Mary Frances Luce, and John W. Payne, 'Constructive Consumer Choice Processes,' *Journal of Consumer Research* 25, 3 (December 1998): 187–217; Gerald J. Tellis and Fred S. Zufryden, 'Tackling the Retailer Decision Maze: Which Brands to Discount, How Much, When, and Why?' *Marketing Science* 14, 3 (Summer 1995): 271–99; Margaret Slade, 'Optimal Pricing with Costly Adjustment: Evidence from Retail Grocery Prices,' *Review of Economic Studies* 65, 222 (January 1998): 87–107
- 31 Karen Clay, Ramayya Krishnan, and Eric Wolff, 'Prices and Price Dispersion on the Web: Evidence from the Online Book Industry,' *Journal of Industrial Economics* 49 4 (December 2001): 521–39
- 32 Karen Clay, Ramayya Krishnan, and Danny Fernandes, *Journal of Industrial Economics* 50, 3 (September 2002): 351–67
- 33 Michael D. Smith and Erik Brynjolfsson, 'Consumer Decision-Making at an Internet Shopbot: Brand Still Matters,' *Journal of Industrial Economics* 49, 4 (December 2001): 541–58; also see Hal R. Varian, 'Buying, Selling, and Renting Information Goods,' *Journal of Industrial Economics* 44, 4 (December 2000): 473–88.

Appendix 1: Changes in the Consumer Price Index, 1985–2002

Year	Consumer Price Index	Annual per cent change	Value of dollar in constant 2002 dollars
1985	107.6	3.6	0.60
1986	109.6	1.9	0.61
1987	113.6	3.6	0.63
1988	118.3	4.1	0.66
1989	124.0	4.8	0.69
1990	130.7	5.4	0.73
1991	136.2	4.2	0.76
1992	140.3	3.0	0.78
1993	144.5	3.0	0.80
1994	148.2	2.6	0.82
1995	152.4	2.8	0.85
1996	156.9	2.9	0.87
1997	160.5	2.3	0.89
1998	163.0	1.6	0.91
1999	166.6	2.2	0.93
2000	172.2	3.4	0.96
2001	177.1	2.8	0.98
2002	179.9	1.6	1.00

Source: US Department of Commerce, Economics and Statistics Administration, Bureau of the Census, *The Statistical Abstract of the United States* (Washington, DC: GPO 2004), 463. Base year: 1982–4 = 100.

Appendix 2: Value of university press net publishers' revenues in actual and constant 2002 dollars

Year	Actual net publishers' revenues (\$ millions)	Net publishers' revenues in constant 2002 dollars (\$ millions)
1985	185.2	265.6
1986	204.0	270.5
1987	219.2	280.4
1988	245.0	292.0
1989	275.6	306.0
1990	305.7	322.6
1991	325.0	336.2
1992	350.0	346.3
1993	350.0	356.6
1994	370.0	365.8
1995	385.0	376.1
1996	390.0	387.2
1997	400.0	396.1
1998	430.0	402.3
1999	450.0	411.2
2000	450.0	425.0
2001	443.0	437.1
2002	444.0	444.0

Source: Book Industry Study Group, *Book Industry Trends*, various issues. All numbers have been rounded and may not add up to 100 per cent.

Appendix 3: The US gross domestic product (GDP), 1985–2002, in actual and constant 2002 dollars

Year	Actual GDP dollars (\$ billion)	Constant 2002 dollars (\$ billion)
1985	4,220.3	6,268.7
1986	4,462.8	6,385.2
1987	4,739.5	6,618.2
1988	5,103.8	6,892.0
1989	5,484.4	7,224.1
1990	5,803.1	7,614.5
1991	5,995.9	7,938.9
1992	6,337.7	8,173.7
1993	6,657.4	8,418.4
1994	7,072.2	8,634.0
1995	7,397.7	8,878.7
1996	7,816.9	9,140.8
1997	8,304.3	9,350.6
1998	8,747.0	9,496.2
1999	9,268.4	9,706.0
2000	9,867.0	10,032.2
2001	10,100.8	10,317.7
2002	10,480.8	10,480.8

Source: US Department of Commerce, Economics and Statistics Administration, Bureau of the Census, *The Statistical Abstract of the United States* (Washington, DC: GPO 2004), 425. All numbers have been rounded and may not add up to 100 per cent.